

The Victorious Strides of the Soviet Economy and the  
Miserable Attempts of the Unscrupulous Experts

by

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In the Soviet press, and even in many foreign newspapers, a merited rebuke has been given to the recent fabrication of the Central Intelligence Agency on the alleged low growth rates of the Soviet economy. Comrade Khrushchev, in his speech before the February Plenum of the Central Committee CPSU presented a cogent and vivid characterization of our economic development and of the successful course of our peaceful economic competition with the richest of capitalist countries -- the United States.

This invention of the falsifiers was completely demolished. It appeared that everything has been cleared up. But the mechanism which somebody set in motion works automatically, and, as if by time table, first one then another stooge of the Central Intelligence Agency comes forth with some far-fetched calculation in an effort to comfort our evil-wishers. And until the motor of this mechanism runs down, similar attempts, apparently, will go on. Recently, a group of experts -- the Joint Congressional Economic Committee, under the chairmanship of Senator Douglas -- stepped into this unworthy role with the preparation of a report.

Many will no doubt remember how, in November 1959, the authors of a similar report covered themselves with shame. A number of experts attempted at that time to use a session of the Congressional Economic Committee as the basis for a set of completely unbelievable, greatly reduced figures on the level of industrial production in the Soviet Union. It is curious that these excessively zealous detractors of the Soviet economy were renounced by none other than the then director of the CIA, -- the not unknown Allen Dulles. Calling for greater care on the part of the over-active falsifiers, Dulles was forced to state that it was necessary "to recognize honestly the very sobering results of the Soviet economic program and of the surprising successes they have effected during the past ten years." While wishing to depreciate our achievements, Dulles still could not bring himself to confirm the absurd assertion of the experts to the effect that the production of the USSR amounted only to one-fourth or at least to one-third of that of the United States. He very graciously consented to recognize the figure "about 40 percent" (Soviet industrial production at that time amounted in fact to over 50 percent that of the United States).

Later, Nixon, Eisenhower and Kennedy, passing over industrial production in silence, began to say that the entire Soviet social product amounted to 44 percent, 47 percent, and "less than half" that of the corresponding United States figure. The year before last the American economists A. Tarn and R. Campbell, analyzing the data on industry, not only refuted the figures cited earlier by the American economists, but declared that they considered the (figures in) corresponding Soviet publications to be too low. According to the calculations of Tarn and Campbell, figure of 75 percent would be more nearly correct; that is, that in their opinion, the USSR industrial production already had reached three fourths of the American. This figure, in our opinion, is too high.

Nearly four years have elapsed since the above-mentioned session of the Economic Committee. Last year, the industrial production of the Soviet Union amounted to about 65 percent of that of the American, while the gross national product (Valovoy natsional'nyy produkt) and the national income amounted to more than 60 percent of the American. Yet the unsuccessful experts of the Congressional Economic Committee and its leaders have once again struck up the old refrain about the low rates of economic development in the USSR. They assert that the industrial production of the USSR amounts to only 48 percent of the American industrial production, and that the national product (natsional'nyy produkt) is only 46 percent (of the United States national product). The American experts are repeating the same absurdities which they committed in 1959, but this time they are better ensured against the ire of their bosses. It is doubtful whether the present directors of the CIA, which has become the laughing stock of the whole world, can permit themselves to voice such moral admonitions as were pronounced on that former occasion by Dulles.

Let us see, however, what findings the American specialists have come up with on the basis of the "in depth" analysis, as they call it, of the Soviet economy.

As the Chairman of the Joint Economic Committee of Congress, Senator Douglas, announced, the growth rates of the Soviet economy supposedly slowed down sharply after 1958. Not embarrassed in the least, he asserts that "the annual increase in industrial production declined to approximately 7 percent in the recent period" and that preliminary data for 1963 supposedly show a still smaller rate.

Let us note, first of all, that the chairman of the committee or his advisers themselves invented these figures in order to fit invented data to erroneous conclusions.

Here is how in fact the industrial output of the Soviet Union grew during the years by Douglas.

|      | Value of Industrial Output in Comparable Enterprises Prices<br>(bill. rubles) | Growth Over the Previous Year |         |
|------|---|-------------------------------|---------|
|      |   | bill.<br>rubles               | in<br>% |
| 1958 | 127.2   | 11.9                          | 10.3    |
| 1959 | 141.7   | 14.5                          | 11.4    |
| 1960 | 155.2   | 13.5                          | 9.5     |
| 1961 | 169.4   | 14.2                          | 9.1     |
| 1962 | 185.8   | 16.4                          | 9.7     |
| 1963 | 201.5   | 15.6                          | 8.5     |

As is clear from the tables, our industry has steady, high rates of development. The unfavorable conditions of 1963 (a reduction in the production of certain types of agricultural raw materials in connection with the bad harvest) had only a negligible effect on the rates of growth. During the last five years the industrial production of the Soviet Union has increased by 58 percent instead of the 51 percent which was contemplated by the Seven-Year Plan. Above-plan output amounted to about 37 billion rubles.

Perhaps the gentlemen experts consider the Soviet rates low because American industry is developing more rapidly? Alas, despite a certain revival in the last two years, it is growing much slower than ours.

Comparative data on the rates of development of the USSR and the USA during the last decade have already been cited in the above-mentioned speech of N. S. Khrushchev and in other documents published in our press. Since the congressional committee is operating with data for the period beginning with 1958, we also will show the changes during the last six years. Moreover, in contrast to American economists we will scrupulously cite official American statistical data:

|  | Growth of Industrial Production<br>(1963 as a percentage of 1957) |            |
|--|---|------------|
|  | <u>USSR</u>   | <u>USA</u> |
| Total industrial production                    | 175   | 123        |
| Steel production                               | 157   | 96         |
| Total fuel production                          | 147   | 110        |
| Extraction of petroleum                        | 210   | 106        |
| Production of electric power                   | 197   | 141        |
| Machine-building and metal processing products | 226   | 123        |
| Chemical products                              | 213   | 154        |
| Production of cement                           | 211   | 117        |

As is obvious from the figures cited, even during "recent years" the rates of industrial growth in the USSR, both as a whole, and for the most important types of production, considerably outstrip the rates of the United States of America.

Take for example, such an important branch as ferrous metallurgy. Whereas in 1957 some 104.8 million tons of steel were produced in the USA, and 51.2 million tons in the USSR, in 1963, 101 million tons were produced in the USA and 80.2 million tons in the USSR.

The USSR even now produces more iron ore, coke, coal, metal-cutting machine tools, diesel locomotives and electric locomotives, tractors (on the basis of their summary horsepower), grain-harvesting combines, workable wood, lumber, cement, pre-cast reinforced concrete, woolen and linen fabrics, and fish, than the USA.

We still lag considerably behind in the production of chemical products but this lag will be overcome in the next few years on the basis of the decisions which have been adopted.

It is contended in the committee's statement that the rates of increase in the output of the USSR as a whole (apparently it means the summary production of all sectors of the national economy) fell in 1959-1962 to 4.6 percent a year. As is obvious, Mister Douglas did not dare to name the 2.5 percent figure cited in the CIA fraud, but even the date which he cited also has been fabricated by some one and does not correspond to reality. In fact, the average annual percentages of increase during 1959-62 were: gross social product -- 7.2 percent, and national income -- 7 percent.

The report of the experts cites understated and erroneous comparative data on the gross social product and the national income of the USSR and the USA, as well as a concocted statement concerning a reduction in the rates of growth of consumption in the Soviet Union. All this is motivated by allegations concerning a "stagnation" which has supposedly occurred in Soviet agriculture in 1958-62. Let's look at the facts. Of course, in the field of agriculture one cannot draw conclusions on the basis of this or that year taken separately, which can be uncharacteristic in connection with special meteorological conditions. Therefore, let us compare the average annual data for the last three five-year periods:

|  | <u>1948-1952</u> | <u>1953-1957</u> | <u>1958-1962</u> |
|--|------------------|------------------|------------------|
| Agricultural production -- billions of rubles in comparable prices | 30               | 38               | 50               |
| Grain production -- billions of poods                              | 4.8              | 6.2              | 8.4              |
| Meat production -- millions of tons of slaughtered weight          | 4.3              | 6.5              | 8.7              |
| Milk production -- millions of tons                                | 35.1             | 44.3             | 61.7             |
| Production of animal oils -- thousands of tons                     | 473              | 600              | 861              |
| Production of sugar from domestic raw material -- millions of tons | 2.5              | 3.5              | 5.7              |
| Size of the population -- millions of persons                      | 180.1            | 196.2            | 214.2            |

In the period from 1948 through 1952 an average of 4.8 billion poods of grain per year was produced, and 8.4 billion poods during the 1958-1962 period. The average annual production of meat increased correspondingly from 4.3 to 8.7 million tons, milk from 35.1 to 61.7 million tons, animal oils from 473,000 to 861,000 tons, sugar from 2.5 million to 5.7 million tons. Is this some kind of "stagnation" -- let the reader judge for himself.

Perhaps the critics consider the rates of agricultural development "low" because they are less than the rates in the U.S.A.? No, even here we are advancing more rapidly. In the Soviet Union the growth of agricultural production considerably outstrips the growth in population, while in the U.S.A. they approximately coincide.

Here are the appropriate data on rates of growth and on the relationship of the volumes of agricultural output and the size of the population.

|                               | 1958-1962<br>as a % of<br>1948-1952 |       | USSR as a<br>% of USA<br>1948- 1958-<br>1952 1962 |       |
|-------------------------------|-------------------------------------|-------|---|-------|
|                               | USSR                                | USA   | 1952  | 1962  |
| Total agricultural production | 167                                 | 120   | 55  | 75-80 |
| Grain                         | 177                                 | 125   | 54  | 76    |
| Meat                          | 202                                 | 130   | 32  | 49    |
| Milk                          | 176                                 | 107   | 67  | 110   |
| Animal Oils                   | 182                                 | 197   | 68  | 128   |
| Sugar                         | 232                                 | 132   | 92  | 162   |
| Size of the population        | 118.9                               | 118.6 | 118.2   | 118.5 |

Within two five-year periods the Soviet Union has outstripped the U.S.A. in the production of milk, animal oils, and sugar and considerably improved the relationship for the production of grain and meat and for agricultural output as a whole.

The American experts present as some kind of sensation information on the large relative share of persons employed in Soviet agriculture. Everyone know that before the revolution 75 percent of the working population of our country was employed in agriculture, 40 percent in 1953, and now -- 32 percent in terms of the average annual number of personnel.

It has been repeatedly mentioned in the Soviet press and appropriate political documents that with respect to agricultural labor productivity, we are still lagging considerably behind the U.S. (3-3.5 times, on the average). Soviet long-range plans specify a 5-6 fold increase in agricultural labor productivity by 1980. At the same time, agricultural output is expected to increase 3.5 times, while the relative share of those employed in agriculture will decrease significantly.

It must be mentioned that in the question of labor productivity levels, the American experts are also exaggerating the USSR lag. According to our calculations, Soviet agriculture employs approximately 3 times (and not 7 times) the average annual number of personnel as the U.S.

Mr. Douglas states that in the Soviet Union "the rate of increase in employment dropped from 1.7 to 1.3 percent." It is not clear where these figures originated. As is known, the total number of workers and employees increased in the five-year period of 1954-1958 (not even counting the increase of personnel in the state farms organized on the base of some collective farms) on an average of 3.8 percent, and in the five-year period of 1959-1963, correspondingly, by 4.1 percent annually. The percentage of the employment of the entire population as a whole is also growing. If the total number of those employed in the national economy is compared with the total number of the able-bodied (excluding servicemen), the percentage of employment increased from 82 percent in 1958 to 86 percent in 1963. Incidentally, the analogous employment coefficient in the U.S. constitutes only about 71 percent. Let the

problem of employment and unemployment concern the American economists only insofar as it pertains to the situation in their own country, since there has been no unemployment in the Soviet Union for many years and there is none now.

In the Congressional Economic Committee report there are also a number of other misstatements such as, for example, the one about the "amazing" drop in the labor productivity growth rates. Meanwhile in 1958-1963, labor productivity in the USSR industry increased, in spite of the reduction in the work day, almost 40 percent and in the U.S. -- 31 percent. The growth of labor productivity in Soviet industry was determined essentially by an increase in the amount of fixed capital per worker and improved production technology. Thus, in 1963, as compared with 1957, the number of industrial workers increased approximately 25 percent and the number of man-hours worked (with a shorter work day) -- 8 percent, while the consumption of electric and mechanical power increased by 155 billion kilowatt-hours, or by 90 percent.

The committee report also speaks about a "drop" in the profitability of Soviet enterprises. Actually, this is not the case.

Of course, profit in the Soviet economy does not have the social meaning that it does under the conditions of capitalist society, but the amount of profit is very significant as an economic indicator of the efficiency of socialist enterprises. High rate of profit in all branches of the national economy are ensured by a growth of labor productivity and reduction of production costs. In the past five years of the seven-year plan alone, the saving from reduced production expenditures in industry, construction, transportation, and on state farms amounted to 44 billion rubles, or 5 billion rubles more than was specified in the seven-year plan for this period. And as far as the industrial profits are concerned, let us recall that in the 1957-1963 period profits of the industrial enterprises (excluding the turnover tax) increased 160 percent (2.6 times) with an accompanying growth in industrial output of 75 percent. In 1957, 10.1 rubles of profit were obtained per 100 rubles of industrial fixed and working capital, and in 1963 -- 14.7 rubles.

The report mentions high defense expenditures in the Soviet Union. Certainly, until the proposals of the Soviet Government concerning complete disarmament are accepted, our country is forced to fully secure itself against any aggressive attack. Nevertheless, the military expenditures of the USSR in 1963 constituted only 8 percent of the national income, whereas in the U.S.A., they constituted about 15 percent (naturally, for the purpose of comparability, we are comparing the national income only in the sphere of physical production).

A question arises -- why do the American congressmen delegate their experts to invent non-existent statistical data on the Soviet Union, instead, as is the custom of the civilized countries, of using the official statistics of the respective states?

We involuntarily recall the unpleasant memories of the customs of Hitler's camarilla. The Hitlerites publicly assert prior to the beginning of the war, that Soviet statisticians exaggerated the population figures. And yet, after their rout at Volgograd, they screamed that the Bolsheviks statisticians "concealed" many tens of millions of the population living in the East and that, supposedly, this "reserve" provided the new armies that routed the fascist aggressors.

Why did the American experts need to adopt such pitiful and ridiculous methods? But let us leave this question to their consciences, or, to put it more precisely, the consciences of their clients.

We would like to observe that even among Western economists there do appear people who view things sensibly and who understand that there is no getting away from the facts.

Thus, in the book "The Soviet Economy, 1940-1965," which came out in Baltimore in 1961 and which was written obviously from an anticomunist position, there is, however, the highly symptomatic acknowledgement

that "the acceptance of official Soviet statistical data by all Western specialists is only a question of time. . . . Soviet statistical data on the whole are not exaggerated and are more precise than some methods and assumptions on which independent appraisals of the indicators of the development of the Soviet economy are based."

The director of the statistical administration of the European Economic Community, Professor Wagenfuehrer, in his interview which was cited in the French journal "Problemes economiques (No 732 for 1962), declared: "First of all we should give up the idea that the Russians are poor statisticians or that they deceive. On the contrary, they are on a high level in the development of certain theories. . . ."

The results of the first five years of the seven-year plan and the plan goals for 1964-1965 ensure not only the fulfillment, but even the over-fulfillment, of the seven-year plan.

Our country has entered upon the implementation of grandiose plans for the development of the chemical industry and for further advance of agriculture on the basis of the intensification of production. Science and technical progress are acquiring an ever greater role in the development of the national economy. All this should ensure the growth in the productivity of social labor and the increase in the volume of social production envisaged by the Party Program.

There can be no doubts whatever that the Soviet economy will be able to cope with the new tasks and, despite the croaking of the evil-wishers of every stripe, will achieve new successes in the development of all branches of the national economy, and in the creation of the material and technical base of communism. -- V. Starovskiy, Corresponding Member of the Academy of Sciences USSR (Moscow, Pravda, 14 Mar 64, pp 2-3)